PROCEEDINGS

OF THE

TRAVANCORE SRI CHITRA STATE COUNCIL.

THIRD COUNCIL.

FOURTH SESSION.

Saturday, the 20th July 1946/4th Karkatakam 1121.

(OFFICIAL REPORT)

Vol. XXVIII—No. 1.

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DATA ENTERED

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The Travancore Sri Chitra State Council met in Joint Session with the Travancore Sri Mulam Assembly in the Legislative Chamber, Public Offices, at 11 A. M. with Sachivottama Sir C. P. Ramaswami Aiyar, K. C. S. I., K. C. I. E., LL. D., Dewan-President, in the Chair.

MEMBERS SWORN.

The following members took the oath and signed the rolls :—

Members of the Sri Chitra State Council.

1. Mr. T. Chandy (*Public Service Commissioner*)
2. ,, A. S. Damodaran Asan (*Excise Commissioner*)
3. ,, P. Joseph John (*Electrical Engineer to Government*)
4. ,, K. Madhava Kurup (*Registrar of Co-operative Societies*)
5. ,, A. Narayanan Tampi (*Director of Public Instruction*)
6. Rajyasevapravina P. G. Narayanan Unnithan (*Administrative Secretary to the Dewan*)
7. Mr. H. C. Papworth (*Pro-Vice Chancellor, University of Travancore*)
8. Dr. H. Parameswaran (*Director of Industries*)
9. Mr. S. Parthasarathi Aiyangar (*Inspector-General of Police*) and
10. Rao Bahadur T. V. Venkiteswara Aiyar (*Conservator of Forests*).

Members of the Sri Mulam Assembly.

1. Mr. T. K. Gopalan Nair (*Secretary to Government*)
2. ,, C. P. Gopala Panicker (*Secretary to Government*)
3. ,, P. Karunakara Thandar (*Ambalapuzha cum Sheriallai General Rural Ezhava Reserved Constituency*)
4. ,, C. Kumara Das (*Secretary to Government*)
5. ,, K. G. Kunjukrishna Pillai (*Advocate-General*)
6. ,, K. R. Narayana Aiyar (*Secretary to Government and Director of Food Supplies*)
7. ,, S. Narayana Aiyar (*Financial Secretary to Government*)
8. ,, Kainikkara M. Padmanabha Pillai (*Secretary to Government*)
9. ,, N. Ramakrishna Pillai (*Legal-Remembrancer to Government*)
10. ,, V. Ramanuja Aiyangar (*Secretary to Government*) and
11. Dewan Bahadur L. Venkatakrishnan (*Chief Engineer*).

Mr. S. Narayana Aiyar (*Financial Secretary to Government*):

ir,

I rise to present the budget estimates for the next year. The udget that I am submitting for the consideration of the House oday is, I need hardly say, the first after-war budget. When we net here about this time last year to discuss the financial state nents for the current year, we were looking forward eagerly and onfidently to the day of final victory. Peace has been officially nnounced and disarmament and demobilisation are in full swing nd our Second Infantry has already returned home after participa- ing in the fight. The First Infantry which is now in Hongkong s also expected to come back to us at no distant date. Post-war lanning aiming at the restoration of pre-war conditions and the aintenance of the increased standards of social and economic life f the body politic, is no more the talk for the contingent future, ut a real task of immediate urgency. But the havoc and devasta- ion wrought by half a dozen years of strenuous strife cannot be asily eliminated by a victory, howsoever, complete and decisive. Vhile we have every reason to rejoice with the rest of the civilised orld in the prospects of the ultimate triumph of international istice, the time has not yet come for relaxation of our efforts or r enjoyment of the fruits of peace. The good and the evil effects f war closely follow the wake of peace, as they must necessarily in a period of transition. Though there is some improvement in nipping and other transport facilities, they have by no means

reached the pre-war level. High prices still rule the market an the food problem continues to demand serious attention with th result that our control measures have to be in force for some tim more. But our raw products such as rubber, timber, cocoanuts, et are in increasing demand and the inflationary tendency consequen on the plethora of money in the land is greatly in evidence. Th revenues of the State are also correspondingly mounting up to un attained heights and in spite of the note of pessimism that sounded in my last budget speech, our revenue realisations hav far exceeded our anticipations. But with all that, it would be u wise to expect that our revenues will necessarily continue to keep u the present high level during the years to come, with pre wa conditions and normal price levels fully restored, although if o large reconstruction and industrial programmes go forward a anticipated, the future is bound to be bright. For this reason, th budget that I am presenting to the House for the next year is d signed, as in the case of the budget we discussed last year, to be budget for the future and not merely for the next year. Befo approaching the budget estimates for the ensuing year through tl revised estimates for the current year, I shall, as usual, briefly r view the final accounts of the last completed financial year.

ACTUALS OF 1120.

2. In reviewing the budgetary position towards the close last year in the light of the actual experience of the earlier mont of the year, the revised estimates of revenue and ordinary expend ture for 1120 were fixed at Rs 607·12 lakhs and Rs 440·67 lak respectively, thus anticipating a revenue surplus of Rs 166·45 lakh But the year actually ended in a surplus of Rs 170·27 lakhs, whi stands credited to the Post-War Reconstruction Fund. This i crease of Rs 3·82 lakhs over the anticipated surplus was the n result of an improvement in revenue to the extent of Rs 4·13 lak offset by an excess of Rs ·31 of a lakh on the expenditure side T major heads which contributed to the larger receipts were Custor Excise and Taxes on Income. There was, however, a marked fall revenue under Railways and Currency and Mint the former, d to increase in working expenses and the latter on account of th having been no mintage of silver coins during the year. The var tion in expenditure being only to the extent of Rs ·31 of a lakh an aggregate expenditure of Rs 440·98 lakhs calls for no spe explanation.

3. On account of the war-time difficulties in getting machin and other materials from abroad, difficulties which are s

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seriously delaying our reconstruction programmes, the total expenditure on the capital side amounted only to Rs 57·62 lakhs, as against the revised forecast of Rs 72·80 lakhs.

REVISED ESTIMATES—1121.

4. I shall now pass on to the current year. When framing the budget estimates for 1121, we anticipated a revenue realisation of Rs 623·65 lakhs and provided for a programme of expenditure charged to revenue, of Rs 574·33 lakhs, inclusive of the expenditure of Rs 74·62 lakhs on Post-War Reconstruction schemes, thus expecting a net revenue surplus of Rs 49·32 lakhs. But on the basis of the figures booked so far and in the light of the actual experience of the previous months of the year, the revenue is estimated to go up to Rs 710·22 lakhs, which, as the House is perhaps not unaware, is second only to the revenues of Mysore and Hyderabad among the Indian States and far above the revenues of any other State. Our revised programme of expenditure charged to revenue, as at the close of the year, is to cover a range of Rs 574·38 lakhs, with the result that the year is expected to close with a revenue surplus of Rs 135·84 lakhs, as against the budget forecast of Rs 49·32 lakhs. As the variations between the budget and the revised estimates, both on the revenue and the expenditure sides, are, as usual, explained in the budget memorandum, copies of which are placed on the table along with copies of the budget estimates for 1122, I shall not tax the patience of the House by reiterating every little item of such variations and shall only make a passing reference to the more salient features of such changes. The anticipated increase in revenue is most conspicuous under Customs, Excise, Forest, Taxes on Income, Interest, Police, and State Transport. The betterment of revenue under Customs if mostly under Land Customs, supplemented by an increase under Excise duty on matches, including contribution from the Government of India. An increase of Rs 6½ lakhs over the estimated receipts from the Cochin Harbour also accounts for the improvement in revenue under customs. The lion's share of the enhanced receipts under Excise is taken up by Abkari. The large demand for our forest produce, especially timber, and the high prices which they continue to command in the present market, account for the appreciation of revenue under forests. The substantial increase under Taxes on Income is the natural reflection of the plethora of money in the land. The larger investments of our surpluses in gilt-edged securities and in commercial and other undertakings of the kind have contributed to the larger receipts under interest. The operation of the Vehicles Tax

Act explains the increased revenue under Police. This increase, the House will, however, note is offset by a corresponding fall in revenue from the levy of tolls by the Public Works Department. The only two heads of account under which the revised estimates show a marked fall, as compared with the original estimates, are Railways and Currency and Mint. Under Railways, the shrinkage of revenue is due more to an increase in working expenses than to an actual fall in collections and is also due to the adjustment against the current year's receipts of the interest on the capital outlay by the South Indian Railway on the additional rolling stock for the Travancore Branch. The budget anticipations under Currency and Mint could not be reached on account of the inevitable delay in arranging for the minting of silver coins, as the supply silver required for the purpose was under correspondence with Government of India.

On the expenditure side, a saving of Rs 22·67 lakhs is expected under expenditure on Post-war Reconstruction Schemes which has however been set off by an excess expenditure of Rs 22·72 lakhs on service expenditure with the result that the revised estimate is only slightly in excess of the original estimate. Protective Irrigation comes in for Rs 3 lakhs of this increase in expenditure as a result of larger expenditure on irrigation works. The increase in Government savings bank deposits has necessitated a corresponding increase in the expenditure on payment of interest and this accounts for another Rs 3 lakhs of the anticipated increase of expenditure. The rest of the excess is more or less evenly spread through all the departments of the State service being due to the grant of war allowance at increased rates with effect from 1st Meenom 1121 to Government servants in the lower ranks, as also to the extension of the scope of the scheme of war allowance so as to include also the higher officers in service. The increase in the rate of the temporary increase in the pensions of small scale pensioners also partly accounts for the general increase of expenditure.

Before leaving the expenditure side of the revised estimates, I may inform the House that, in aid of the grow-more-food campaign, arrangements have been made for providing Lift Irrigation, facilities for cultivating 5000 acres of land at Avanamcode near Alwaye. It is hoped that the facilities will be made available before the close of the year.

As the net result of the several variations between the budget and the revised estimates, the current year is, as already stated, expected to close with a revenue surplus of Rs 135·84 lakhs,

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as against Rs 49·32 lakhs anticipated in the budget estimates. Fully aware as the Government are that this substantial increase in the revenue surplus is to a large extent the result of the operation of special circumstances connected directly or indirectly with the war conditions, they propose to transfer the entire surplus to the Revenue Reserve Fund (Rs 5 lakhs) and to the Post-war Reconstruction Fund (Rs. 130·84 lakhs) to be drawn upon only for financing schemes of public utility and reconstruction measures. With the unexpended balance of the allotment ear-marked in the current year's budget for Post-war Reconstruction Schemes added to the corpus of the fund, it is hoped that the fund will have at its credit a sum of Rs 534·19 lakhs at the close of this year.

6. On account of the difficulty in getting the ne[illegible] machinery etc. our capital programme for the current ye[illegible] was expected to work up to Rs 87·91 lakhs is actually [illegible] to stand only at Rs 61·51 lakhs. The bulk of the antic[illegible] reduction in expenditure is under Electricity and Telephone and State Transport.

BUDGET ESTIMATES—1122.

7. I shall now pass on to a consideration of the Budget Estimates for the ensuing year. The total revenue for the next year is estimated to stand at Rs 830·13 lakhs, which is in excess of the revised estimates for the current year by Rs. 109·91 lakhs. The House will, I feel sure, note with genuine pride and satisfaction that this revenue is not far short of the revenues of Mysore and as already stated largely in excess of the revenues of every other State and many of the Provinces in India. Though the increase in revenue anticipated for the ensuing year as compared with the revised estimates for the current year, is to some extent, evenly distributed among the more important revenue yielding items, the increase is most conspicuous under Forests, Taxes on Income, Excise and Interest. The keen demand in the market for our timber and other forest produce and the contract which the Government have entered into with the Travancore Fertilisers and Chemicals Ltd., for a bulk supply of timber and firewood explain the anticipated increase in our forest revenue. The betterment of revenue under Taxes on Income is due to the great growth of business enterprise as also to assessment of agricultural incomes. Under Excise, the increase is mostly under Abkari. The profitable investment of our surpluses gives us better receipts under interest. Even a cursory perusal

of the revenue estimates for the next year will point to a marked fall in the receipts under Land Revenue for which an explanation is certainly needed. Let me at the very outset apprise the House of the fact that the shrinkage of receipts from Land Revenue is really no abatement or reduction of revenue, but only a transfer of receipts from one revenue head to another; for what is apparently lost under Land Revenue is correspondingly gained under Taxes on Income. This is the direct result of the introduction, with effect from 1st Chingom 1122, of the basic tax system, on the authority and under the sanction conveyed by His Highness the Maharaja's Proclamation dated 9th July 1946. The question of revision of the existing system of land assessment has been engaging the serious attention of Government for a considerable time. The House may remember that announcement was made at the last budget sessions of Government's intention to introduce a basic system envisaging a reform of far-reaching importance and that the policy of Government in this respect received the overwhelming assent of the Legislature. The system is perhaps the first of its kind in the whole of India. The fundamental principle underlying it is the imposition of a low rate of basic tax, uniformly, on all registered holdings, irrespective of their nature, quality or location. There will be no separate tax on trees under the new system. A resettlement of land under the existing system is long overdue. But the House will, it is hoped, appreciate that, not-withstanding the undisputed right of Government to start resettlement operations, definitely and unmistakably calculated to augment the income under Land Revenue, they have resolved to abandon the idea of a resettlement and to embark, on the other hand, on a policy of equalising the burden of land tax and lightening it to the extent possible, with a view to improving the lot of the small land-owners, who form the bulk of the ryots of the State, though such a course involves the sacrifice of a substantial portion of the land revenue due to Government. The larger land-owners can be equitably called on to bear a share of the cost of administration and to contribute their due share to the State Exchequer in the form of a tax on their agricultural incomes, which in the present conditions of this country, cannot be differentiated from other incomes. The rate of the basic tax, as now fixed, is only 4 cash per cent which is admittedly low and equitable. I am sure that the House will not be slow to realise that the introduction of the basic tax system is not so much a fiscal measure as a social measure primarily meant to equalise the burden of taxation with due regard to the ability to bear the burden. The best and the most infallible test of the beneficial effects of the new system is the assessment that would

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have been imposed on a holding if there had been a resettlement. May I not hope that the House will join me in tendering our loyal but fervent tribute of eternal gratitude to His Highness the Maharaja for having issued a Proclamation so beneficial and far-reaching in its effects as the basic tax system and to you, Sir, for the statesman-like lead and advice you gave His Highness in the matter? As a necessary corollary to the introduction of the basic tax system on the lines mentioned by me, the Income tax Act has also had to be suitably amended and in doing so, special care has been taken to provide for the appointment of an Appellate Tribunal as in British India, consisting of three members to hear and dispose of appeals against the decisions of the Income Tax Commissioner.

8. Having said thus much about the revenue side of the next year's budget, I shall now turn to the expenditure side and the result of our proposed financial transactions for the year. In fixing the programme of expenditure for the next year, the activities of the various departments of Government have been viewed either as normal activities or post-war activities and funds provided in the budget, both for running the routine administration as well as for implementing the provisions of the Post-war Reconstruction Schemes. Out of the anticipated receipts of Rs 820·13 lakhs, a provision of Rs 601·38 lakhs is set apart for ordinary expenditure; the post-war reconstruction schemes take up Rs. 115·29 lakhs and the Revenue Reserve Funds Rs 3 lakhs, leaving an apparent revenue surplus of Rs. 100·46 lakhs. But this surplus is not proposed to be contributed to the special headings of the Post-war Reconstruction Fund as in the case of the surpluses of this year and the last. The Fund has already a sufficiently big amount to its credit and there is no immediate necessity to add anything more to the Fund before materials, machinery and adequate and cheaper labour etc., become available for utilising to the best advantages the amount now standing to the credit of the Fund. Practically the whole of the anticipated surplus for the next year *i. e.* Rs 1 crore is therefore proposed to be ear-marked for expenditure on a measure of considerable importance and far-reaching effects, *viz.*, the improvement of village life in the country on a ten-year basis, or if need be, even for a longer period. The idea is to invest the surplus of Rs 1 crore in gilt-edged securities fetching an interest of not less than 3 per cent per annum, so that every year a sum of Rs 3 lakhs may be available for expenditure on the proposed programme of improvements to village life. This sum will be distributed equitably amongst the villages by yearly allotments designed to

meet the pressing and urgent needs of the village communities dealt with. As only the interest and no portion of the corpus of the investment is intended to be spent, the proposed scheme can be continued for as long a period as is necessary to bring all the villages of the country within its scope. I am sure that this proposal will be hailed with enthusiasm by the whole House. Travancore is pre-eminently an agricultural country and the village has been the pulse of life in this land from time immemorial. The villages of Travancore have a primeval simplicity and an attractiveness, all their own; and if the villager thinks of deserting his village for the costlier, but by no means the healthier life of the Town, it is only because his village does not provide the amenities of life, which modern man has grown to appreciate. With a view therefore to ensuring the health, contentment and happiness of the villager in his own natural home and to check the exodus to the cities it is proposed to launch on a scheme for providing amenities of life in all the villages of the State in the shape of supply of good drinking water, easy medical aid, entertainment and contact with the outside world through radio-sets etc. The ultimate effect of this scheme, when worked out to its completion, will be that Travancore will be rich in a happy, contended and healthy rural population. I shall now refer to some of the more important features of the next year's programme of expenditure.

9. *Education.* The provisions of the free compulsory Primary Education Act of 1121, have already been implemented in the taluks of Thovala and Agastiswaram and in the Municipal Towns of Nagercoil and Trivandrum. The scheme has had a ready response and hearty co-operation from the public in general and from the management of private schools in particular. Buildings, furniture and staff have been freely offered to be released to Government. The London Mission Society has so far released 33 school buildings, the Salvation Army, 6 and individual managements, 27 and Government's thanks are due, in a large measure, to these institutions and individuals for their unstinted co-operation. A committee has been appointed to advise the Director of Public Instruction on matters connected with the working of the compulsory Primary Education Scheme. It is proposed to extend the scheme to at least three more taluks during the course of the next year, for which a provision of Rs 10·5 lakhs is included in the budget under Post-War Reconstruction Schemes.

10. *Food.* The experience of the last five and a half years following the declaration of the war has brought home to us the imperative necessity for intense cultivation and scientific development of our natural resources with a view to becoming as selfreliant

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as possible in the matter of our food requirements. The grow-more-food campaign was accordingly launched by the Agricultural Department in order to give an incentive to the cultivator to try to get the best out of his land. Special bonuses are being granted to every cultivator who puts new land or lands usually left uncultivated, under crops like paddy, ragi, tapioca, vegetables etc. Liberal subsidies for the sinking of new wells for cultivation under irrigation conditions are also being granted. In view to the repercussions of the world-wide famine conditions in the wake of the termination of the war, the campaign has been ordered to be intensified and a lump provision of Rs 8·6 lakhs included in the Agriculture budget for the intensification of the grow-more-food campaign. There is also a provision of Rs 20 lakhs under 'Debt Heads' for the grant of advances to the Agricultural Department for the purchase of seeds, manures, implements, machinery etc. for sale at concessional rates to cultivators in connection with the grow-more-food campaign. Facilities for intensive cultivation in the shape of lift and other irrigation arrangements have also been provided for in the next year's budget.

Having regard to the importance of fish as an important item of consumption, the construction of a Fish curing yard at Cape Comorin on the most up-to-date lines has for some time been under consideration. The Government of India have promised their co-operation with this Government in a large scale development of deep sea fishing. Funds to the extent of Rs 2 lakhs have been provided under Post-War Reconstruction Schemes for fisheries.

11. *Public Health.* The organisation of a special branch of industrial hygiene as an additional bureau of the Public Health Department to deal with the various questions pertaining to the health and welfare of labourers and improved sanitation in industrial establishments is in contemplation and for this purpose it is proposed to depute an officer of the Public Health Department to the United Kingdom for special training in industrial hygiene.

The next year's programme of expenditure includes a scheme for the supply of good drinking water in the villages of the Nanjinad and Kuttanad areas and the coastal regions. A subsidy of Rs 500 is proposed to be given for each well constructed by villagers. There is provision for 200 such wells as a first instalment. It is also proposed to undertake a state-wide nutrition propaganda chiefly emphasising the use of balanced diets suited to different income groups.

12. *Labour Legislation.* In your own words, Sir, "if industrialisation is to achieve its purpose, the fullest possible co-operation and co-ordination between labour and capital are necessary. The Government are aware of this and therefore it is that thay have introduced the Travancore Trade Boards Bill and the Industrial Statistics Bill along with other labour legislation intended to facilitate the harmonious working of labour and capital". To implement the provisions of these laws and to secure the co-operation of employers in promoting the welfare of the workers, a Labour Department has been formed. On the advice of this Department and falling in line with the decisions of the conference of Chief Inspectors of Factories convened by the Government of India, full-time officers of both sexes are proposed to be appointed for safeguarding the health of labourers in Factories.

13. *Uplift of Backward Communities.* The amelioration of the condition of the backward communities has ever been engaging the serious attention of Government. An intensive programme is proposed to be planned out for this purpose as a part of the Post-War-Reconstruction Scheme on the basis of a ten-year-programme of Rs 3 lakhs a year. A committee consisting of some of the Departmental Heads and representatives of the Chief Organisations of backward communities and other organisations engaged in ameliorative work with the Head of Administration as the President has been constituted for advising Government in the working of the Scheme. It is Government's hope and intention that at the end of the ten years proposed for working out the scheme in full, there shall be no communities which need be styled or regarded as backward.

DEBT POSITION.

14. A statement of assets and liabilities is furnished on pages 16 and 17 of the budget estimates. It will be seen therefrom that the liabilities at the close of 1122 including the balances at the credit of the General Reserve Fund, Revenue Reserve Fund, Post-War-Reconstruction Fund etc., which are not repayable at call aggregate Rs 24·06 crores. Against this liability the total assets including the outlay on productive schemes which are real assets, though accounted for under capital expenditure not charged to revenue, amount to Rs 24·61 crores, which is Rs 55 lakhs in excess of the liabilities. It may be mentioned here that these assets do not include the outlay on the Kodayar Project and on non-productive capital schemes. If these are also taken into account, the total assets would exceed the liabilities by more than Rs 3 crores. Our debt position may therefore be considered as very satisfactory.

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WAYS AND MEANS.

15. The final accounts of 1120 resulted in an opening cash balance of Rs 497 lakhs for the current year with short-term deposits in Banks to the extent of Rs 40 lakhs. The transactions of the current year under Revenue, Capital, and Debt Heads are expectd to result in a net withdrawal of Rs 181·33 lakhs due to large investments in gilt-edged Securities and short-term deposits in Banks. The year is therefore expected to close with a cash balance of Rs 316·13 lakhs. The result of the several transactions during the next year is estimated to be a net receipt of Rs 102·97 lakhs including an investment of Rs 50 lakhs in short-term deposits in Banks. The year 1122 is thus expected to close with a cash balance of Rs 419 lakhs. Though this balance is far in excess of the amount required to carry on the day to day transactions of Government, this level has to be maintained to meet the Capital and Post-War-Reconstruction Schemes and the food purchase programme during the next year. We will thus have at the end of the next year a cash balance of Rs 419 lakhs short-term deposits in Banks to the extent of Rs 400·98 lakhs, besides other safe and fluid investments of more than Rs 460·45 lakhs. The cash position may therefore be considered to be as strong as ever and so far as one can foresee there will be no necessity to raise loans from the public in the near future.

WAR-TIME FINANCE—A REVIEW.

16. As the budget that is presented to the House to-day is the first post-war budget, a general review of the finances of the State during the period of the war may not be inappropriate to the occasion. Though hostilities were declared towards the close of 1114, it was not until Japan entered into the field that our finances were affected by the war conditions. During 1115, the first year of the war, our revenues stood at Rs. 267·75 lakhs and the expenditure at Rs. 268·52 lakhs, resulting in a small deficit of Rs. ·57 of a lakh. The year 1116 ended in a surplus of Rs. 6·63 lakhs as the result of a revenue receipt of Rs. 276 79 lakhs and an expenditure of Rs. 270·16 lakhs. The revenue for the succeeding year crossed the three crores limit and mounted up to Rs. 314·52 lakhs against an expenditure of 276·19 lakhs, leaving a revenue surplus of Rs. 38·33 lakhs. During 1118, the revenue went up still higher and stood at Rs. 398·08 lakhs and the expenditure at Rs. 294·88 lakhs, the resultant surplus having been Rs. 103·20

lakhs. With a revenue receipt of Rs. 506·11 lakhs and an expenditure of Rs. 366·20 lakhs, the year 1119 ended in a surplus of Rs. 139·91 lakhs. Last year, the revenue went up still higher and stood at Rs. 611·25 lakhs leaving a surplus of Rs. 170·27 lakhs after providing for an expenditure of Rs. 440·98 lakhs. The surplus at the end of the current year is, as the House has been told already, expected to be Rs. 135·84 lakhs, the receipts and the expenditure being Rs. 710·22 lakhs and Rs. 574·38 lakhs respectively. I may be allowed in this connection to repeat what has been already stated by my predecessors in office, that we had not to resort to any new taxation, except such as were calculated to equalise the burden of taxation or to keep in check inflationary tendencies.

An examination of the receipts from the principal sources of revenue shows that Land Revenue has been more or less static, having ranged between Rs. 39·40 lakhs in 1115 and Rs. 42 lakhs in 1116 and after the upper limit having been exceeded in 1117 and 1119 when the receipts went above Rs. 44 lakhs. The increase in revenue between the years 1115 and 1121 was most conspicuous under Taxes on Income, Forests, Customs and Excise. The receipts under Taxes on Income rose up from Rs. 11·46 lakhs in 1115 to Rs. 112·76 lakhs in 1120, as a result of the levy of the Excess Profits Tax, the supertax and the tax on agricultural incomes and the larger profits derived from business in connection with war orders etc. It may also be stated in this connection that with the newly introduced system, Taxes on Income promise to be decidedly the most important source of our revenue, as in the case of the most progressive countries in the world. Excise revenue which stood at Rs. 46·10 lakhs in 1115 showed a slight decline in 1116, having gone down to Rs. 43·08 lakhs, but since then steadily increased to Rs. 145·69 lakhs in 1120. The receipts from Forests stood between Rs. 16·93 lakhs and Rs. 52·16 lakhs during the period under review. Customs revenue rose from Rs. 52·[illegible]3 lakhs in 1115 to Rs. 89·04 lakhs in 1120.

The expenditure of the State has also been growing from year to year, having risen from Rs. 268·32 lakhs in 1115 to Rs. 440·98 lakhs in 1120, with the normal expansion of the activities of a progressive administration and the various control measures we had to adopt in connection with the war. High prices and the increased cost of labour have also contributed to the increase in expenditure on departments like the Public Works, the Medical etc. Under Army and Defence also, the expenditure rose from

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Rs. 17·95 lakhs in 1115 to Rs. 31·59 lakhs in 1120. We have, however, been able not only to balance our budgets, but also to build up a substantial reserve after making a contribution of over Rs. 50 lakhs in cash in aid of the war, besides placing at the disposal of the Allies our Infantry Units. Our accumulated surpluses stand ear-marked for exdenditure on Post-war Reconstruction Schemes or other schemes of public utility of a far-reaching character such as rural reconstruction, of which mention has already been made in connection with the disposal of the anticipated surplus for the next year.

This review of the war-time finances of the State will disclose the fact that with the increase in receipts due to the operation of special circumstances connected directly or indirectly with the war conditions, our expenditure has also been increasing, partly due to our control measures and other special activities connected with the war as also to the temporary increase in establishment charges on account of the grant of war allowance. But the increase in normal expenditure has not been so great as to be alarming and even if our revenues undergo some shrinkage, we shall have no cause for any apprehension as our normal expenditure is well accommodated within our normal receipts. Our financial position may therefore be deemed to be quite sound.

17. Before I conclude, I may be permitted to discharge my pleasing duty of thanking the House for the patient hearing which the Honourable Members have given me and you, Sir, for your guidance and valuable help, but for which the preparation of the budget estimates would have been a specially difficult task.

Dewan President: Order, order. The House will now adjourn and meet again at 2-15 when I shall address the Joint Session.

The House adjourned at 11-52 A. M. and reassembled at 2-15 P. M. with the Dewan President in the chair.

Lieut. Col. C. G. N. Edwards, Resident for the Madras States, Major General F. M. Moore, Military Adviser-in-Chief and Rajyasevapravina T. M. Krishnaswami Aiyar, Chief Justice, of the High Court were also seated on the dais.

[stamp]

President:

Fellow members of the Travancore Legislature, The Colonel, Mrs. Edwards, General Moore, Chief Justice,

This is the tenth Budget which is being presented to the Travancore Legislature after I assumed office as Dewan of the State on the gracious invitation of His Highness the Maharaja. It now devolves upon me to place before this august assembly a conspectus and review of what has been done and what is being proposed to be done. I shall endeavour to be as brief as possible but having regard to the magnitude of the Government's programme, and to the paramount needs of the moment and of the coming future, you will pardon me if I take longer than is usual on such an occasion.

When I assumed office as Dewan in 1936, the revenue figure was 231·88 lakhs. Roughly speaking, the revenue of the State has nearly quadrupled. There has been no parallel for it in any place in India, as I shall endeavour presently to demonstrate. The only parallel to a similar expansion of revenue has been in the U. S. S. R. So far as the progress of revenue has gone, starting with about 219 lakhs in 1931-32, the revenue and the expenditure gradually underwent an increase, until in the year 1936, when I assumed office, it was, as I said, 231·88 lakhs by way of revenue and 235·94 lakhs by way of expenditure. Then it leapt naturally during the war years and went on to 300 lakhs in 1940, 400 lakhs in 1941 and made a sudden leap forward the year before last to 7 crores and now it stands at 8 crores.

Our surplus now is about a crore of rupees. Over and above that, our investments in Government securities are about 4½ crores. Our investments in short term deposits in banks are about 295 lakhs. Our investments in industrial concerns are 183 lakhs. Our investments in banking companies are 36 lakhs. Our investments in other companies such as the K. D. H. P. and others are over 8 lakhs. Roughly, therefore, our investments today are in the neighbourhood of nine crores. It may be stated and stated with some justice that, after all, these figures must necessarily be illusory. Practically every administration in India and in Europe and America has increased its revenue by reason of the inflationary tendency that is always attendant upon war years, and it may be asked and asked with reason why it is that any special credit is being claimed for an increase which may be regarded as natural and nothing extraordinary. It may be well in that connection to make

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one observation. Compare other Indian States with Travancore. Today, our revenue is practically approaching that of Mysore. It is nearly half that of Hyderabad, a not discreditable achievement considering that Mysore is a little less than four times the area of Travancore and Hyderabad is about eleven and half times the area of Travancore. In Mysore, in the year 1940, the revenue was about four crores. At the present moment, the revenue is just over 9 crores. It has doubled itself. In Baroda, it was 244 lakhs in 1940. It is now a little more than double. In Gwalior, it was 261 lakhs. It is now less than four crores, not quite double. In Kashmir, it was 255 lakhs. It is now 462 lakhs, much less than double. In Hyderabad, it was nine crores in 1940 and it is in the neighbourhood of 16 crores today. Therefore it may be said and said, I think, with some justification, that the progress in the income and revenue has been proportionately much greater here than has been the case anywhere else in India. Our revenue is now practically equal to that of many of the Provinces. It is practically equal to that of the Central Provinces and much more than that of Orissa and the North West Frontier Province. I have got the figures. Assam's revenue is 7 crores. Central Provinces 9½ crores. Frontier Province, 2½ crores. Orissa, 3 crores.

It is all very well to talk of these revenues and these surpluses, but the point which I desire to emphasise is that this increase of revenue has been attained without any extra taxation, excepting the levy of the income-tax and super-tax as anti-inflationary measures and also the natural increase due to the increase of business and the progress of industrialisation. One of the difficulties that we have had, because of which our surplus is so great and our accumulated revenue so swollen, is that on account of the preoccupations of the war and on account of the difficulties connected with shipping and manufacture, neither England nor America has been able to satisfy our requirements of machinery which are absolutely essential for the development of our industrial programme. In fact, England has been more hard hit than America and the delay on the part of English manufacturers has been greater. If we had obtained our machinery at the rate at which Australia, Canada and other countries have been able to obtain it, we should now have been budgeting perhaps for a revenue of over 10 crores. But there are very healthy symptoms now being discerned. The recent success of the Anglo-American loan means a great deal and I trust it means a great deal to India. If it releases the dollar pool and enables England to divert for India a certain proportion of the

dollar pool total, that is, if the credit of England may be debited to the sterling balances creditable to India, we shall certainly be able immediately to take a big step forward in our industralisation programmes. Let me illustrate:

The Fertilisers and Chemicals, Alwaye, is a concern which, after the initial period of pessimism and dubiety on the part of the Government of India and other high authorities, has started work on the installation of certain machinery which has been obtained from America. But for obvious reasons and in order to be not only neighbourly but to be conscious of the great services that England had rendered and was rendering in the war, notwithstanding the difficulties to England, the Government of Travancore decided to place 50 per cent of the orders with England and only 50 per cent with America, although thanks to the kindness both of the Indian Government and the British and also to the helpfulness of the American Government we were given a dollar credit to the extent of 3 million. I believe it was the biggest ever given in India. Notwithstanding that amount, and though we might have utilised all the 3 million dollars for the purchase of American machinery, the Travancore Government laid it down as a condition that 50 per cent of the orders should be placed in England. All these orders have not been fulfilled and much of the machinery is still to come. The result therefore is that the factory which ought to have been started on the first October will only start in February. But today the Government of India are intensely interested in that factory. The Government of Madras is a partner with us in that venture. The Government of Cochin is a partner with us in that venture and I feel sure that with the combined influence of the Government of India, the Government of Madras and the Government of Cochin vigorous steps will be taken to speed up the manufacture and the delivery of the remaining machinery. I am mentioning this parenthetically but definitely with a purpose. We have very large sums of money now lying practically idle though they ought not to have been so. We have put much of our money in various banks and in other concerns. They give us one and a half or 2 per cent interest and it is lamentable that we should keep that money unused whereas it might be turning out things for the benefit of the country and manufacturing products that would be a great item of postwar reconstruction. I trust, however, that the success of the Anglo-American loan will make a great difference in this respect.

The Financial Secretary has, as you already know, outlined the figures in the course of his very careful, very objective and very laudable statement of the estimates and the expenditure

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for the current year. It is my pleasure as it is my privilege to congratulate the Financial Secretary on the manner in which he has discharged his task. He has already indicated to the House the use to which that sum is going to be put. There is to be set aside for the purpose of postwar reconstruction over 5 crores of rupees. It is unlikely that during the coming year we shall be able to dispose of 5 crores of rupees, albeit every Government or industry with whom we have placed orders say that they are very anxious to fulfil those orders. It is unlikely that anything in the neighbourhood of 5 crores could be spent in the course of the year, but to put it into another bank would earn for us an exiguous income which would not take us very far. And therefore, in accordance with His Highness' well known solicitude and his feelings of anxious consideration for the welfare of his subjects, His Highness has commanded that one crore of rupees should be set apart as 'Village Uplift Fund'. That one crore of rupees taken out of the surplus of this year will be invested in gilt edged securities which will bring by way of interest roughly Rs. 3 lakhs every year, *i.e.* Rs. 25,000 per month. It is intended that every month, work on some village or other should be done from now onwards to the extent of a thousand or two thousand rupees so that the 3 lakhs of rupees may be spent in the course of the year on the villages. One village may require a well ; another may require an improvement in communications ; a third village may be malaria ridden and there may be anti-malarial measures to be conducted in that locality ; a fourth village may again be subjected to filariasis and anti-filariasis operations may have to be started there. Each village may have its own problems which would have to be dealt with separately and with special advertence to its needs. Therefore, the idea of the Government is that every month this sum of Rs. 25,000 will have to be spread amongst 20 or 25 villages. But the expenditure will be met with the fullest possible co-operation, not only of officials but of the men of the locality. Committees will be formed which will deal with all the villages of Travancore in due course. But that again is a matter which must be a 10 or 20 years' programme. It is the desire of Government to watch the progress of such a scheme. If it is found satisfactory, next year it may be possible for Government to set apart a crore or more than a crore for this purpose, and ultimately I am hoping to have a kind of fund between 5 to 6 crores, the interest on which will be devoted to various items of village improvement and village uplift purposes. I am sure that the announcement which I have had the privilege to make now will not only reveal the solicitude of His

Highness for the welfare and the happiness of His Highness' subjects but will be regarded by the Legislature and the people at large as a progressive measure designed on proper lines. As the Financial Secretary has indicated, the drift towards the city is alarming. Men in the villages put aside their simplicity and primitive happiness and after a little while pine for the urban amenities and luxuries and it is found that they are too often apt to migrate to towns. I hope that this measure which has been announced by me will serve to keep the villager *en fête* in his own village and be of benefit to the locality concerned.

There are two or three more announcements that I wish to make before I deal with the constitutional future of India and of Travancore in particular. One of our great difficulties recently was that America had put an embargo upon the export of cashewnut and there were difficulties about imports from East Africa. The Central Government had put a ban on the export of cashewnut Mr. Arumugham Pillai accompanied by the cashewnut merchants of Travancore went to Delhi with a very strong letter from this Government and I am in a position to announce to you today that I have received a letter from my old friend Sir Gurunath Bewoor, one of the Care-taker Government, on the matter. "I saw today Mr. Arumugham Pillai with whom you had sent a letter of introduction. I have discussed the matter with Mr. Arumugham Pillai and the Government have decided to remove the ban and allow the free export of cashewnut from Travancore." It means a lot to that trade. The cashewnut industry is bound to flourish and will bring prosperity to persons who are engaged in that industry. It will also swell the revenues of the State.

I am also in a position to announce—and I do so with a few prefatory remarks—what has happened and what is really happening in what is generally known as the Catholic agitation. I am speaking in the presence of the Representative of the Crown Representative in Travancore and I suppose I shall have to measure my words. If people believe that by bluffing this Government, by carrying tales to Simla, to Delhi and to London, by indicting newspaper comments in Calcutta or in London, they were going to frighten this Government, they are very much mistaken. Walking about the corridors of the Imperial Hotel with the idea of contacting the Parliamentary Delegation or the Cabinet Mission might have been attempted. But the efforts were only futile. This Government did not desire at any time to refrain from holding the

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hand of friendship if it was extended. But this Government has self respect. The Bishops, the Archbishops and other ecclesiastical dignitaries are great and eminent in their own way. But the Government is the Government, and if Government have to be approached they have to be approached in a constitutional manner. If no such constitutional approach was forthcoming, Government could only ignore such a move. The agitation that has been going on was vindictive, personal, hitting beneath the belt and contemptible in many ways. If it were made clear to Government that people were willing to compromise, were willing to come forward by means of deputations, by means of the usual channels of communication, Government would be willing and more than willing to meet the people half way. That has been stated on more than one occasion by the Government of Travancore. But we have been receiving very remarkable replies on this matter. Some time ago I got this letter from a body which calls itself the All Travancore Catholic Managers' Association, of Changanacherry. A letter was written by them on this matter and a reply was sent to them stating that if Government were approached in a constitutional manner the matter would be considered. The answer was that they did not want to approach Government in that way. "The offer of recognition and concessional grants," it may be noted, "is calculated to add insult to injury." The letter states further, "if the private schools are declared ineligible for financial aid from State funds allotted from the general revenues for education, I fail to note why any one should offer to divert funds ear-marked for charity. It is a pity that you still fail to realise that it is not the filthy lucre but a Christian sense of duty that explains why more than 80 per cent. of private schools are Christian-owned........"

In these circumstances they do not propose to fall in line with the London Mission Society. Such is their reply. When such a letter came the right answer was to confine it to the waste paper basket or to ignore it. But this was not absolutely confined to the waste paper basket but was put into this file!

Now the Catholic community is a great community. It has an ordered discipline. It is a very well organised one and has the advantage of centuries of tradition in the matter of discipline. Generally speaking, they have exercised themselves in the direction of righteousness. I am glad to say that I have been in contact with the most eminent ecclesiastic and Catholic dignitary in India who through the mediation of some friends whom I shall not name

has been taking some steps in this matter. He has definitely said that all the Prelates constituting the Roman hierarchy in Travancore have consented to accept mediation between them and this Government, towards bringing about direct negotiation and agreement on the questions raised. This is exactly what this Government have been hoping and working for all these days. If the Archbishops and Bishops, if the Catholic managements and other high dignitaries had approached the Government in that way, matters could have been discussed. There may be a compromise or there may not be. It is possible that we might agree to their terms. It is a matter of finding out whether there is a *modus vivendi.* Such a step might have been taken. I do not want discussions on a matter of this kind between the exalted dignitaries and other bodies to be conducted on the basis of negotiation of a completely confidential character. It is not possible for me to divulge the name of the person I have referred to, although there was the temptation to divulge it during the time when the controversy was getting more and more acrid and bitter and almost personal. But I deliberately kept back. In view to this meeting of the Joint Session of the Legislature I telegraphed to him whether I could release the main facts of the situation. In reply he has stated, "no objection, a reference to that matter will be conducive to the purpose." Even now, I do not propose to name the person concerned. I have received this important communication from one of the topmost men in the Catholic hierarchy in India.

Those are the three announcements with which I wanted to start my main remarks. First, with regard to the setting aside of one crore of rupees for the Village Uplift Fund. Secondly, with regard to the removal of the ban on the export of cashewnut and thirdly, as to the possibility of conducting negotiations with the managements of the Catholic organisation on the question of education. Certain other questions have been raised, which are not so urgent as the immediate question of education. Therefore, the question of primary education will be taken up first and the Government will see whether a proper approach will be made by them.

There is one more announcement which is also of a primary character. Negotiations are proceeding between this Government, the Government of Cochin, the Government of Mysore and the Firm of Tata for the purpose of a bi-weekly or a tri-weekly air service between Trivandrum—Ernakulam—Bangalore and Madras. Honourable members who are painfully aware of the S. I. R. and its

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possibilities and potentialities need not be reminded that it takes over 24 hours for a person to proceed by rail from Trivandrum to Ernakulam, and less than 10 hours if a person has got a car which does not break down on the way. If a person has to go from Trivandrum to Ernakulam by car he takes about 8 hours ordinarily. If a person were to go by air from Trivandrum to Ernakulam he requires only 45 minutes. Considering that there is a large number of people proceeding on business from Trivandrum to Ernakulam and vice versa, I have no doubt that an air service will not only pay but more than pay itself. In the same way an air service can be carried on between Trivandrum and Madras. The time taken from Madras to Trivandrum by rail is over 24 hours. Between Shencotta and Trivandrum, the railway proceeds at such a pace that a fairly healthy individual can keep pace with it by running or more or less by vigorously walking. Now, that state of things may or may not improve. But unless the permanent way is greatly improved and unless the vehicles are improved and unless the ideas of speed and time of the organisation are improved, we need not expect much change for the next two years. I trust the new Government will look into the matter. It takes about three to four-and-a-half hours by air from Trivandrum to Madras. So, considering all these things, the Governments of Travancore, Cochin and Mysore arrived at a conclusion about four or five months ago to start a bi-weekly or tri-weekly air service both ways and for that purpose we have to build an aerodrome. Cochin has an aerodrome built at a cost of about Rs. 1½ crores by the military department (I think it is an understatement). Madras has also an aerodrome. We alone have, therefore, to build a new aerodrome. A large number of questions have been sent to the office why this aerodrome has to be built. The suggestion seems to be that the Dewan of the State has suddenly become forcibly air-minded and so he wants an aerodrome for his private purpose. (Laughter) That is not exactly the case, as we have seen just now. The air service is starting on the first of October. From the first of October, that is, three months from now, we shall have this air service between Trivandrum, Ernakulam, Bangalore and Madras. The aerodrome has to be completed within that time; and in addition to that, very elaborate fitments are necessary. Every minute that an aeroplane is in the air, it has to be in contact with the ground. Therefore, radio equipment has to be made, and meteorological observations have to be kept fairly up-to-date, because if there is a sudden squall

during a monsoon, that must be noticed at once, as the aeroplane will not be able to descend below 12,000 or 15,000 feet in order to avoid the clouds. So, why the work in the aerodrome was speeded up was due to this factor, namely, the imperative need for finishing the aerodrome so that the service may begin by October. I may add that our over-all expenditure is between 12 and 13 lakhs of rupees: it may not cost more than that.

Some questions have been asked with regard to the aeroplane itself, the suggestion being that there is some kind of extravagance involved. The aeroplane that we have now belongs to His Highness and the fact that other people use it, is due to His Highness' graciousness.

I propose now to deal with the constitution of the future, the constitution as it has been sought to be moulded by the Cabinet Mission. It is now common ground that the Cabinet Delegation and the Viceroy engaged themselves in the task of trying to bring about agreement between the various parties in the body politic of India in order to evolve a constitution for the purpose of granting professedly internal independence, and if she chose, external independence. In other words, it was made perfectly clear by the Viceroy as representative of the Crown and by the Cabinet Delegation, that it was entirely a free choice for India to decide to sit within the British Commonwealth or to be outside it as an independent State in the comity of nations of the world. They made that announcement and I can say that after my talks—and they were numerous—with His Excellency the Viceroy and the Cabinet Mission, I have come away convinced that they are absolutely clear in their minds that today they are prepared to hand over the complete control of India to Indians. That is a matter in which neither I nor other people have any real doubt. I need hardly refer to the reiterated statements of Mahatma Gandhi on the subject.

Now, I was asked to meet the Cabinet Delegation. Naturally I enquired who else was going. The position was that four members of the ruling order, His Highness the Nawab of Bhopal as the Chancellor of the Chamber of Princes, His Highness the Maharaja of Gwalior, His Highness the Jamsahib of Nawanagar and His Highness the Maharaja of Patiala, were chosen to meet the Cabinet Delegation and the Viceroy. Three ministers were also chosen, the ministers of Hyderabad, Mysore and Travancore, that is my friend the Nawab of Chhatari, Sir Mirza Ismail and myself. When I received the invitation, naturally I asked in what

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capacity I was invited, whether as the representative of any particular state and if so, of what state. It also chanced moreover, that at that juncture a number of other states,—I shall not mention their names—had also honoured me by delegating me to act on their behalf before the Cabinet Delegation. About seven or eight states of some importance in India had asked me to appear on their behalf also. I therefore put the question whether I was entitled to appear for one state or for all these states. I received the reply through my friend, the Resident of the Madras States, that I was not expected to represent any one state in particular, but that having regard to my experience of Indian States—giving the first place to Travancore—I was expected to speak on behalf of the Indian States as a whole. Therefore, the evidence that I gave, and the conversations that were conducted by me were on behalf of all the Indian States as a whole. There are the following matters which have to be made clear. What was the result of these discussions and these talks I had with the Cabinet Delegation? I shall read only the portions relating to these talks. "It is quite clear that with the attainment of independence of British India, whether inside or outside the British Commonwealth, the relationship which has hitherto existed between rulers of these states and the paramount power will no longer be possible. Paramountcy can neither be retained by the Crown nor be transferred to the new Government". This was one of the matters very much in controversy. Mahatma Gandhi had stated that paramountcy may be transferred to the new Government. That was resisted on behalf of the princes. Pandit Jawaharlal Nehru then and now insists strongly that whereas all the provinces ought to be independent, the States cannot be so. He says, in his rather remarkable way with his characteristic sweep which one may not always appreciate, "so far as the States are concerned, we do not expect, nor are we going to agree to any kind of independence". Unless that independence is given to the Indian States, the Indian States will not go into the Union, and I am making that statement here on behalf of this State and on behalf, as I am confident, of the princely order. But that does not mean that every one of these 450 or 500 Indian States is going to have a separate existence. No, we are willing to form groups and join with the Congress. That statement was definitely made by me without getting previous authorisation from any one. But that statement has now been accepted by all the princes of India:—that we shall make common cause with the Indian National Congress for the attainment of India's independence. In other words, for the first time in the history of the Indian States, they have stated unequivocally and emphatically

that they will make common cause with the Indian National Congress and other organisations working in the same direction. The Indian States have sovereign rights. I do not forget for a moment that my friend Lt. Col. Edwards would remind me of the treaties of 1795 and 1805. It will be difficult for me to ignore him. But even if that were possible, there may be hints dropped from elsewhere which might make it difficult for His Highness not to accept those hints. But whatever that may be, the Indian States are intrinsically independent sovereign entities. The Provinces are not; they are the creations of the Central Government. Therefore, if the Provinces, according to the Cabinet Delegation Scheme, are to be given independence, the States are equally entitled to independence. But Pandit Jawaharlal Nehru and Mr. Sitaramayya are of a different view. Mr. Sitaramayya says " the dethronement of the monarchs of the States is imminent, unless the rulers take care of themselves". There is absolutely no question of dethronement or loss of independence. In pursuance of what has been stated on behalf of the rulers, the Indian rulers are prepared to give away part of their privileges and prerogatives for the common good of India. They have gone further than the Congress. Pandit Jawaharlal Nehru is now making commentaries upon commentaries and commentaries upon those commentaries. He says "foreign affairs mean Customs, Tariffs and so forth ". At the time they went before the Mission, the question was asked by them, how it was possible to conduct the Government of India without Customs, Tariffs and other things being in the hands of the Central Government. But the Congress did not press it at that time. But now commentaries are being made, and naturally Mr. Jinnah gets up and says that though these commentaries are now made, Customs, Tariffs and other things were not included originally. But I may say that the Indian States were willing and are willing to surrender not only the items of defence, communications and foreign affairs to the Central Government but are willing also to surrender gladly, voluntarily, joyfully many other privileges and rights. Because, how can Posts and Telegraph services, Customs, Tariffs, Exchange, Currency and other things be conducted without a strong Central Government? I go further. How can planning for the future be conducted without a Central Government? The Congress did not ask for it. They have, at all events, given up the case if they had asked for it. But the Indian States even now insist upon the formation of a strong Central Government, giving up some of their sovereign rights. That is a matter which I wish to make clear beyond all possible doubt.

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Now, in regard to paramountcy, the position of some States is different. Take, for instance, Travancore and Hyderabad. Travancore and Hyderabad came into an alliance with the East India Company for the purpose of fighting Tippu Sultan. The armies of Travancore and Hyderabad fought with Wellesley at Seringapatam and Tippu Sultan was defeated and Seringapatam was conquered. After the fall of Seringapatam, in 1795, a treaty was concluded between the three allied Powers. The rulers of Travancore and Hyderabad were still nervous. They thought that another Tippu might be round the corner and so they made a treaty with the British, asking for their protection against all potential enemies. They wanted armies to be stationed in Hyderabad and Travancore. In Travancore then, Quilon and Trivandrum were considered the worst stations. The armies kept in these two stations were removed in 1821 without consulting the Travancore Government; and from that date, for the removal of the armies, we are paying eight lakhs of rupees. For these armies, which are non-existent and which had been originally stationed in Trivandrum and Quilon for the purpose of protecting us, we are paying eight lakhs of rupees from that day. (*Laughter*). I think a 1,200 lakhs rupees claim could be made in respect of that matter.

Now, the precise form which the co-operation of the States will take is a matter for negotiation during the building up of the new constitutional structure, and it by no means follows that it will be identical for all the States. I want these words to be noted. The States will retain all jurisdiction, subjects and powers other than those ceded to the Union. In other words, excepting those powers and jurisdiction which the States voluntarily cede to the Union for the purpose of the welfare of the Union and the joint conduct of the affairs of the country at large, all other powers, all the rest of the sovereignty will be unrestricted according to the statement made by the Cabinet Delegation and will vest with the State. That is a matter on which there can be no doubt and no compromise.

"It is the intention that the States should be given in the Constituent Assembly appropriate representation which would not, on the basis of the calculations adopted for British India, exceed 93, but the method of selection will have to be determined by consultation. The States would in the preliminary stage be represented by a Negotiating Committee." I shall not trouble this honourable House with more details. But speaking on this matter, Sir Stafford Cripps has made clear, in the recent debate in the House of Commons, some of the recent reports as to the alleged intentions of the parties in joining the Constituent Assembly. He stated clearly: "They can put forward their views in the

Constituent Assembly as to how the Assembly should conduct their business, but having assented to the Statement of May 16, and the Constituent Assembly being elected in accordance with that Statement, they cannot go outside the terms of what has been agreed to on May 16." It is thus made perfectly clear by the Parliamentary body that what I had read as the intention of the Cabinet Delegation and the Viceroy in the Statement of May 16 stands, and that it is only within that and in accordance with that that negotiations can take place in the talks of the future. Lord Pethick-Lawrence, speaking about the States has made this clear: "It is on the basis of that agreed procedure that the British Government have said that they will accept the decision of the Constituent Assembly." In other words, there is something definite about the sovereignty of the Constituent Assembly. Yes, there could have been sovereignty if all the Indian parties could have combined and worked this Constituent Assembly as a body. Then it would have been a sovereign assembly, but Lord Pethick-Lawrence and Sir Stafford Cripps have both made it clear that they do not propose, if the Constituent Assembly comes into existence, to go beyond the announcement of May 16. The Englishman is a political animal and once he is in politics, he plays the game of politics. I have no reason to doubt that. But agreement has not been reached and therefore Lord Pethick-Lawrence had to say that he will accept the decision of the Constituent Assembly only on the basis of the agreement on May 16. As to the States, Lord Pethick-Lawrence said in the debate of the House of Lords the day before yesterday, that they need have no anxiety. It is for them to agree to come in or not as they choose. I shall read the words: "As to the States, they need have no anxiety. It is for them to agree to come in or not as they choose. It is for that purpose that they have set up a Negotiating Committee and I am sure that that Committee will have the wisdom to work out an acceptable basis for their co-operation in the Constituent Assembly."

Now, one word as to this Negotiating Committee. The Viceroy in his reply to the Chancellor of the Chamber of Princes says: "I note that you have set up a Negotiating Committee whose personnel is given in the enclosed list. The Committee has done its utmost to keep the number small......... The result of the negotiations will be considered when the time comes." This Negotiating Committee will be a small body, and I am making it clear inasmuch as there has been a tremendous amount of confusion in the newspapers all over India in this matter. As at present understood, the names are confidential, but I may say that Travancore will not be neglected in the framing of the Committee. Al

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that I can say is that the names are not more than seven or eight in number for the whole of India, so far as the Indian States are concerned. Now these persons are set up as the Negotiating Committee, not as representing, but as voicing the general feelings and aspirations and desires of 500 odd Indian States. This Negotiating Committee will negotiate with a similar Committee which will be set up by the British Indian portion of the Constituent Assembly. They will confer and find out on what compromise British Indians will allow the States to come into the Union and on what terms the Indian States can do so. After the consideration of the question whether they will come into the Union or not, the Indian States will come into the Constituent Assembly. And that is the stage when the representatives of the States for the Constitutional Assembly will be nominated or thought of. In other words, according to the scheme propounded by the Cabinet Mission and the Viceroy, first of all, there will be a Constituent Assembly for British India. It will meet, let us say, in the first week of September. As soon as it meets it will possibly elect a Chairman and the Advisory Committee on Fundamental Rights and on Minorities. Having done that, it will group itself. On this point there is difficulty. Assam has declared that it will resist the proposed grouping. What effect it will have upon the Cabinet system of procedure, I do not know. But it is quite clear that the Cabinet Mission regard that a grouping system is essential to start with, although later on by a procedure indicated in the Statement, the Units can opt themselves out of the group. After that body has been brought into existence, they will proceed to elect ten or twelve people who will negotiate with the States. That Committee will meet the Negotiating Committee. Of course, the Negotiating Committee will be in Delhi all the time to keep in touch with affairs and to talk with the political leaders so that the many difficulties that confront them could be discussed and some compromise or working arrangement entered into. As I said before, it is not entirely a secret that some five or six persons will be Ministers, and there will be a few Rulers also. Now, the idea of having non-officials or elected men, or men elected on the basis of adult suffrage to be on the Negotiating Committee is not therefore a practical proposition for the time being.

Although it is not a secret, the names are at present confidential. But, this idea of the Negotiating Committee, the manner and choice of the Committee, the method in which the Negotiating Committee is to negotiate are all known to the Congress and there is no point in newspapers suddenly getting up and saying that all

this is thrown upon them as a surprise. As a result of the Constituent Assembly we arrive at this conclusion: there will be 93 seats for the Indian States in the Constituent Assembly—93 seats representing 93 million people, roughly 93 million, occupying the Indian States as against 250 or 260 million in the other parts of British India. Now, these 93 seats would naturally be divided or allotted to the States in proportion, *prima facie*, to the population, although, in that respect a certain amount of latitude and discretion has been given to the States.

Now, let me invite your attention to certain features which are often lost sight of in all these discussions. Hyderabad has 16 million people. Therefore, Hyderabad has 16 seats in the Constituent Assembly. Mysore has $7\frac{1}{2}$ million people. Therefore she has about 7 seats in the Constituent Assembly. Travancore has about $6\frac{1}{4}$ million people and she has got 6 seats in the Constituent Assembly. Gwalior, Kashmir and Baroda will have between 5 and 4 seats. Jaipur, Rewa and Udaipur and some other States altogether will have 14 seats. All the other States have populations of less than one million. I am mentioning this and I crave the attention of the honourable members to this because there is a tremendous amount of agitation going on relating to this matter without full advertence to these facts. Hyderabad gets 16 seats: Mysore 7; Travancore 6; Gwalior 4; Jaipur 3; Baroda 2; Jodhpur 2; Udaipur 2; Rewa 2; Patiala and Cochin $1\frac{1}{2}$; Bahawalpur $1\frac{1}{2}$; Indore $1\frac{1}{2}$; Bikaner $1\frac{1}{4}$; Bhopal, Mayurbhanj, Kotah $\frac{3}{4}$ and Junagad $\frac{3}{4}$; and Navanagar, Cutch and Rampur between $\frac{1}{2}$ and $\frac{3}{4}$. So, out of the 93 seats nearly half the number is taken up by about six States. All the other States have to share the fifty seats amongst themselves. Some of the other important States which have not got a big population can have only one seat. Now, Cochin, for instance, unless there is some change, can have only one seat in the Constituent Assembly. Therefore it is natural for Cochin to say whether that one seat is to be occupied by a minister or by a Dewan of the State or by the Leader of the Opposition. But the one trouble in most of the States is that it is impossible for the Government to be represented in any form on the Constituent Assembly. After all, in the Constituent Assembly the main questions that are to be discussed are questions of administration. Questions of the internal regulations of the State will not come there. Whether a State is governed by a responsible government or by a Dewan's government, whether the Dewan is there or not—'down with the Dewan,' is one of the more popular slogans today—whether the State is governed by the Dewan or not, these are questions that cannot be taken up by the Constituent Assembly, because all

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that the Constituent Assembly has to do, and honourable members will bear that in mind, is to set up a Union government to deal with three subjects only: Defence, Foreign Affairs and Communications. In dealing with those subjects they cannot talk about Tariff, Currency, Exchange or anything connected with Food or any other problem. Now, that being so, naturally the Government will have to play an important part. Thus, the result is that unless the States combine themselves together or group themselves together to form units of four million and more, they cannot have a popular side as well as a governmental side represented.

Fortunately in the case of Travancore that question does not arise. We have six seats and I have already made a statement on the floor of the House that at least 50 per cent. of the seats will be from popularly chosen members. Those members will have to be nominated by His Highness the Maharaja. Their selection will be from the non-officials and I believe that will be the case in Mysore also. I know that the mind of His Exalted Highness of Hyderabad is moving in the same direction. That being so, it is essential that in order that this scheme may attain some degree of success the States should group themselves. I am pausing here for a moment and emphasising this aspect in order that you may realise what is to follow if four or five States have to come together to group themselves. In order to send a certain number of non-officials as well as the Heads of Administration to play their part in the Constituent Assembly, they will necessarily have to surrender a great deal of their individuality, jurisdiction, sovereignty and powers. The States are willing to do so and, generally speaking, the States are willing to play the game with the Indian political parties. They are only too anxious to play an adequate part in the shaping of the Indian policy. But if speeches like those which have recently been made by Pandit Jawaharlal Nehru, and Pattabhi Sitharamiah are going to be made, it will be difficult to convince the Rulers to join with other Rulers to bring about a non-official grouping for representation in the Constituent Assembly. "I cannot conceive of such transfer being made as far as certain States are concerned nor are we going to accept any kind of independence to those States". If that is the spirit with which leaders of political parties approach the problem of Indian States, it will be difficult, knowing human nature as we do, for the States voluntarily to transfer their sovereignty to each other or to a third party which is able to decide these things.

Nor is the task going to be simplified by its being stated as was stated by Pandit Jawaharlal Nehru, "It is quite obvious that foreign affairs include foreign trade." On external

affairs, the portfolio of the Government of India does not include foreign trade. If I am wrong, my friend on my right will correct me, because he knows more about that portfolio. "It is quite absurd to talk of foreign affairs without foreign trade, foreign economic policy and exchange." But the main point is this. Hon. members will realise that such statements or the statement made by Dr. Pattabhi,—"All the while the people of the State were not able to dethrone their king because the British troops were there,"—are regrettable. At the same time, it is said "It is very unpatriotic of the States not to come to the Constituent Assembly and to surrender their sovereignty. How foolish, how unpatriotic, how entirely reactionary." I may say at once that being an old collegemate and personal friend of mine he will, on further consideration, realise that he never meant what he said. There was a meeting in Bhopal the other day. A newspaper said that the Princes are "the greatest hindrance to the Constituent Assembly. They are meeting at Bhopal this week end for the purpose of sabotaging the Constituent Assembly." I may assure everybody concerned that the meeting at Bhopal was not for sabotage, but for furthering the work of the Constituent Assembly—complete, better and more expeditious.

Equally, Mr. M. N. Govindan Nair presiding over a meeting in Quilon said that the Cochin harbour and aerodrome in Travancore are going to be utilised to keep the armed forces of Britain, and the proposals of the Cabinet Mission are a new device to continue the power of the British in India. I may assure Mr. Govindan Nair that even if he wants them they are not likely to stay in India. I have been talking with very high military authorities and I have by my side the foremost military adviser for the Indian States, and in his presence I may say that they only want to get out of India as soon as possible. That is the exact state of things at the present moment and there is no use thinking that I am using the aerodrome in order to make the constitution of India more difficult.

"The Malayali" comments on the whole position. It recalls the statement of Pandit Jawaharlal Nehru and enforces its contention that the Princes cannot nominate any representative to the Constituent Assembly. It may be true. But as nominations have to be made in the course of the next two months and as there are representatives only from five or six States and the other States are not likely to be represented separately, that programme can be carried out. All that I wish to say is this. I am making both a statement and a fervent appeal. The Indian States, and I make

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bold to say that I can speak not only on behalf of my Gracious Sovereign the Maharaja of Travancore but on behalf of 20 others who have honoured me with their confidence, are only too willing and too anxious to play a great and honourable part in getting independence for India. They are willing to function with all the Political Parties—the Indian National Congress, the Muslim League, the Backward Communities and everybody else for the purpose of evolving a constitution by which power will be shared by the people who are entitled to share that power. There is no getting away from the fact that the States to-day represent no small part of the area and no small part of the population of the country. They represent great and historic traditions. It has been a deliberate lie manufactured for propaganda purposes that the Indian States are the creation of the British Government. Whatever may be said of one or two States, here is Travancore with a history of 1500 years. When the people of Britain were in the state of the *Druidic* civilization, Travancore had a civilization of its own. To suggest that Travancore State is a creation of the British Government is to say what cannot but be described as a perversion of the truth. That may be said of many States. What about Udaipur? There are many other States of that kind. Nevertheless, they are willing to surrender no small portion of their sovereignty for the purpose of coming together and building up the greater India—the future India. Is this a period for interrogations, innovations, invective observations, comments and insinuations? I submit not. This is the time for conciliation, for compromise, for friendship and for gathering together all the forces possible for furthering the purposes that are ahead. I trust that in that spirit the work of the Negotiating Committee will be attempted and the work of the Constituent Assembly started and conducted.

Now it is my duty quite briefly to deal with the Travancore situation. His Highness the Maharaja has in a statement which has been seen by everybody here and in many other places, promulgated the outlines of a new Government. I make bold to say that that constitution gives more real power to the people than any system of responsible Government on the Westminster model, because every Department of Government, apart from the few excepted, is going to be run by Committees of the Legislature. Take the Budget. The Finance Member will only be the assessor or the adjutant helper. He will not frame the budget. The Finance Committee of the Legislature will frame the Budget and one of the members of the Committee will pilot the Budget in the House. He will not be a responsible Minister. He will be a member of the House and the House will have to vote upon a budget prepared

by the Committee of the House. So with regard to other matters. Three points are implicit in that scheme. The first point is the supremacy of the Legislature under the aegis of His Highness His Highness' powers and his ultimate control over Administration must be unaffected because he is the embodiment of the national aspirations, the stabilising factor and the continuing element. Under his aegis the legislature will be supreme. It will have power over all affairs. The Executive will be bound to carry out the decisions of the Legislature not only as to the budget but as to administration and the day to day matters. That is a matter which is often lost sight of in these discussions, *viz.*, that the Executive is under an obligation to carry out the mandate of the Legislature. The persons who carry out that mandate will be a permanent Executive. A great deal of play upon words is made with regard to what is called the Irremovable Executive. That is a misleading expression. It is irremovable in the sense that with a vote of the Legislature on a particular point, the Executive cannot be interrupted. My fellow members might realise what took place in Sind. One Ministry is formed, say, by the Muslim League. The Congress gets hold of somebody from the Muslim League and a letter is written to the Governor saying that the Congress has got a majority and so it will form the Government. Before it reaches the Governor, a member of the Congress goes over to the Muslim League and says that the Muslim League has got the majority. Thus if a person is constantly playing the game of battledore and shuttlecock, equating policies and programmes, personalities and temptations and threats, what work can he do? What work can be carry out? He is always conscious of the Damocles' sword of pains and penalties. What happened in Sind the other day? Another man went over from the Muslim League Ministry to the other side. Then the other side wanted to take a vote of want of confidence in the ministry. Fortunately, the Governor who had to go on a holiday, prorogued the legislature and the Ministry (Laughter). Do you think that any such Ministry is going to bother about any work? Some of us who have had to work with the Government of India during the past one year know exactly the feeling that pervaded the minds of the members of that exalted body, the Executive Council of H. E. the Viceroy. There was no knowing when they would be called upon to resign, and therefore no long term plan was either envisaged or carried through. What is happening in the Punjab today? Two members in the Coalition party were absent, but somehow or other 2 or 3 extra men were obtained and so the Ministry in the Punjab is now safe by 87 to 80. This kind of interchange of men from one side to the other is a matter which is not conducive to stability of administration It may be that in England where

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politics has been prominent for many centuries, they play these games. In fact the Cabinet Mission asked me about this matter. I said: you people fight with each other in normal times but join together in times of crisis. This is characteristic of the English people, but we are very friendly in normal times but divide in a crisis (Laughter). I said so to the Mission and I repeat it at the joint session of this Legislature. There are particular reasons why such a scheme does not work in certain countries. All that I am anxious to point out is that the scheme that has been put forward is put forward not with a view to camouflage anything, not with a view to side track the powers of the people or the powers of the Minister, but to give those powers in a substantial form to the Legislature so that the Legislature will carry out those policies with the aid of the executive. I may say at once that it is not the intention of the Travancore Government to introduce responsible government on the British model. That may be taken as an absolutely settled fact. It has been made absolutely clear to His Excellency the Viceroy, to the members of the Cabinet Mission and to every other political party. I told Mahatma Gandhi that it would be my duty – that I felt it very strongly—to try and persuade the Constituent Assembly to adopt the irremovable executive on the Travancore model. I said I was going to speak in favour of it and I propose to do so. There was no getting away from it. I shall have the fullest possible discussion on the matter. The President of the State Congress wrote me a letter in which he asked permission to discuss the whole matter. I have said that these were the three main principles: firstly, the supremacy of the Legislature subject to certain safeguards and veto; secondly, the obligation of the executive to carry out the directions of the Legislature, and thirdly, a permanent executive to carry out the directions of the Legislature. These are the fundamental matters on which there can be no compromise or discussion. But subject to these, I shall have the fullest discussion with any political party or individual and then take the result of the discussion and finally tender my humble advice to His Highness the Maharaja and act up to his directions and commands on that matter.

Though I had not intended to say it, I think it should be known, especially as it was not mentioned to me by way of confidence, that I took advantage of my friendship with the Prime Minister of Great Britain. I have known him fairly well for the last fifteen years. I sent him a copy of the new constitution and asked him to express his opinion freely and frankly. He has not marked his letter 'Confidential' and I therefore think that the gist could be known. He is a man bred up in the English Constitution and is today the

Prime Minister of Great Britain in the Labour Ministry and one who also knows something of India. He was in India many years ago and it was then that I first made my acquaintance with him. This is what he said:

"It is in my view a great advantage to India to have in Travancore with its enlightened Ruler and bold and experienced Dewan, a laboratory wherein can be worked out the application of the principles of Democratic Government in Indian conditions.

"I shall watch with great interest the progress of this venture, especially the relationship between the executive and the Legislature which is the crucial point in the operation of constitutions with a fixed executive."

I have similar letters appreciating this experiment from Sir Stafford Cripps, Lord Pethick-Lawrence, Mr. Alexander and many other members of the British Cabinet, and some very important public men in America. I am not saying all this for the purpose of giving a certificate to myself (Laughter) or to those who have been sponsoring the scheme. I say all this for the purpose of making clear that there is no clandestine, anti-democratic, anti-popular intention in this scheme. The person who is the spear-point of the national will in England today, a democrat of democrats, is willing to concede this proposition as a possible one. He says: "It is a great advantage to India to have in Travancore a laboratory wherein can be worked out the application of the principles of Democratic Government in Indian conditions." I am mentioning these things because I feel that there is a possibility of two opinions on the subject. Much of the newspaper criticisms, much of the comments which were made, proceed on the basis that there can be only one opinion—that responsible Government on the Westminster model not being introduced in a State means that the State is only determined and anxious to perpetuate autocracy and to pursue reactionary tactics. I am mentioning these things to show that it is not so. I have done so far as the constitutional matters are concerned.

I shall now deal briefly with some questions regarding the internal administration of the State. I may at once say—it has already been known—that there is not a single person under detention under the Defence of Travancore Rules or any similar or analogous rules. It may be that orders were not communicated to the persons concerned but there is not a single ban on any newspaper or journal now published in the State. There is no ban or difficulty placed in the way of any party convention including the Communist Party

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Notwithstanding this, many Governments—the Burma Government, for instance—have had bans and restrictions on the Communist Party. This Government had made up their minds that the time has come when they might say, in view to what is happening, in view to the new constitution that is being forged, in view to the new constitution that is coming for British India, that they will allow the fullest scope for the completest expression of one's views. They have, however, maintained the provisions about processions not being allowed without a permit from the District Magistrate concerned. On that matter I find that every time a labour meeting was held, every time any political body was meeting, till now they were saying that political prisoners must be released, but now they say that bans must be removed! All that I can say is that certain stipulations must remain so long as conditions remain such as to warrant them. I may here quote the news published from Ootacamund in "The Hindu" dated the 27th June, 1946, which makes known the Press Note issued by Mr. T. Prakasam, the Head of the Congress Ministry in Madras, who is supposed to be the spearpoint of democracy. He says: "No permission was ever granted by me for taking any procession without the permission of the Police authorities.......... The public may note that they have to apply for permission to police authorities for taking any procession." Well, if that spearpoint of democracy is good enough there, it is good enough for a poor Indian State! (Laughter)

In Ahmedabad, which is the home of the most forward elements of national life, "deterrent measures are now being considered by the Government to restore the city back to the normal. Two of these are, the imposition of a poll tax to recover the damage caused during the riots and the availing of the provisions of the Whipping Act. A special riot magistrate is to be appointed who will award whipping punishment to persons convicted of rioting offences." Therefore, at this moment, on the 20th July 1946, in Bombay, which is governed by the Indian National Congress, where there is a riot and people are being stabbed morning, noon and evening, it is necessary to bring into existence the provisions of the Whipping Act which has been abolished in every other part of the world! It was revived during certain periods and indeed I have made speeches on the subject, especially when I was the Law Member of the Government of India and it fell to my lot to move the Criminal Law Amendment Act in which one of the items was whipping. Mr. Giri was formerly emphasising that a strike should be resorted to, but now he has turned and said: "No strike" (Laughter.) In fact, a hartal followed the reduction of food rations in Rutlam.

All that I am anxious to point out is that the times are out of joint. On the slightest provocation, strikes are called. People take the law into their own hands, and fasting unto death has become one of the diurnal programmes. In these instances, every Government will have to avail itself of its residual powers to maintain law and order. So long as a party is in the opposition then of course it is perfectly within its rights to criticise the actions of Governments. Therefore it is that the newspapers have the right, public men have the right to criticise violently and vehemently any act of this kind, but there must be some kind of apprehension, some kind of tolerance, in these matters. When you are vested with the authority and the power to maintain law and order naturally certain steps have to be taken for the purpose of implementing those requisites of national life. Criticisms have been made about slogans. But if an organisation of people indulges in slogans such as 'down with the Dewan' which is one of the fashionable proclivities at present day meetings, that has to be stopped. Whether the Dewan is down or not is quite irrelevant to this particular person. But it means that there is a general loosening of what may be called discipline and one cannot allow that state of affairs to continue. It affects the prestige of Government. As regards the expression 'down with the Dewan' when he is asked to go down he does not propose to go down at the mere bidding of a particular person. But the point to be considered is that such a mental attitude has to be got rid of. For instance there is the shouting of the expression 'Inquilab Sindbad'. That is one of the fashionable slogans which means 'long live revolution'. To people who do not understand, it may be a *mantra* of great efficacy. It may be a magic incantation. But to people who understand that expression it conveys a lot of meaning. That should not be the habit of mind. Shouting of such slogans will give rise to troubles. Such an outlook of mind has to be got rid of from people. Such a mind is not conducive to the maintenance of law and order. Such inclination on the part of the people has to be eschewed. Shouting of such slogans has to be guarded against by any Government. Apart from this aspect of the matter, there is absolutely no ban against slogans. Now, one word as regards the definition of peaceful picketing indicated by Mr. Prakasam, the present Premier of Madras. He has set a certain limit to that, and I am willing to abide by the dictates of the Congress Premier of Madras. Anyway he is not in favour of complete picketing. At one time his party was for that. Even many Congress leaders were for that, including the present Premier. Peaceful picketing

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is defined in the following way by him. 'You may make gentle persuasion not to go into the factory but not make physical demonstration......' What is happening in factories is physical demonstration. On account of the war a factory engaged one thousand people. As the war is over and as there are no war orders to be executed, one hundred people are to be disbanded. If such is the situation and they say that they cannot go out of that factory, then there is a sympathetic strike in that factory. People who are disbanded go into the factory, incite and prevent other people working there and thus bring about disorder. That is not peaceful picketing and will not be allowed. All that I am anxious to point out is there is a limit to the activities of the picketers. There should be no physical demonstration. This Government are not only anxious but willing to put the interests of labour on a safe and satisfactory footing. There is no getting away from the fact that the future is not with the capitalist but with labour. The sooner the capitalist realises this the better for him. But the way to deal with the matter is by taking steps which I am bringing to the attention of every one present here. Travancore is fast becoming an Industrial State. The time has come when there should be an Industrial Relations Board in every important locality composed of prominent representatives of labour and capital, always in permanent session, engaged in discovering and investigating the causes of trouble, utilising the reputation of the labour organisation of the Government and trying to mediate and conciliate on a satisfactory basis. There is nothing more fundamental than that. The time is come when the capitalist at large in India will have to wake betimes to the obligations of labour and will have to make up his mind to introduce some kind of profit sharing schemes. I have no doubt that unless labour is held entitled to a share in the profits of the concern, the well being of that concern, the future of that particular concern, cannot be a success. It is incumbent upon every Government to preach that doctrine, to see that doctrine is implemented. Unless that is done there cannot be any harmonious relations between capital and labour. India is over-populated in itself. Its agricultural possibilities are not many. If India is over-populated, Travancore is tremendously over-populated. The agricultural possibilities of Travancore are not much. Travancore's future is bound up with industrialisation and industrialisation is possible only when there is a harmonious relationship between capital and labour. That is possible only when there is no strike or lock-out or staying in or intimidation at the point of the bayonet. Therefore, when there is a definite profit sharing scheme between the

employers and labour then alone there will be harmonious relationship. It is the intention of this Government gradually to introduce that principle in Government sponsored institutions and steps are being taken to consider the whole matter. I trust the Government will set an example in this direction and in all industrial establishments in which Government play a predominent part, steps must be taken to introduce the scheme of profit sharing. The same example should be followed by private capitalists too, so that there may be no strike or lock-out, there may be no occasion for disharmony between capital and labour, no occasion to shout slogans or the taking of sickle and hammer, or the cry of 'Inquilab Sindbad'. I may say that we have introduced some kind of labour legislation and we can pride ourselves in that matter which is an advance on most parts of India. More remains to be done and will be done in this direction.

When the war ended everybody thought that the era of plenty was coming and there would be no need for controls. But we were very unfortunate in that. We made up our minds to give up controls in certain directions, but many things happened which stood in our way. But before I deal with that matter, let me place the food position as it exists to-day. We have a stock which is sufficient for over three weeks, from now. We are in hopes, and we have the assurance of the Government of India in that matter, that we shall be very much better off shortly. Our stock at the beginning of the month is over 10000 tons. By way of imports from overseas it works out to 41000 tons. As regards supplies from internal sources it is 17000 tons, and leaving out the consumption in July the balance works out to 34000 tons. I may say that we have got a number of steamers which are bringing rice shortly and that totals 20000 tons. I can also say that thanks to the bumper harvest in America as also to the Canadian harvest our share of the wheat sanctioned by the Government of India will be supplied regularly. There is unimpeachable evidence for that. That will meet more than the normal requirements of our condition. In this connection I am glad to say that the people here have taken to wheat diet to a greater extent than was once thought possible. I have issued a Press Communique on the 17th July on that matter. As regards the possibility of getting some more grains the difficulty was this. On account of the monsoon, except from the Madras Presidency, the stocks are coming by sea. Therefore Cochin is the only place from which food grains will be landed and we are finding it very difficult to take food grains from Cochin to other places. We are therefore resorting to the commandeering of valloms for this

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purpose from the last two or three days. I may also say that much of the anticipations that were at one time entertained with regard to the possibility of rice from Burma and Siam has not been fulfilled. As a matter of fact it is rather difficult to reconcile all these figures. In one month Burma says that she has a surplus; in another month Siam promises to send us. But during subsequent months all those are found to be deficit areas and the promised supplies could not be obtained. Apart from all these, it must be said that thanks to the Regional Commissioner whose helpful friendliness I must acknowledge with gratitude and the helpfulness of the Central Government—we have been able to deal adequately with the food problem. But I do not mean by this that we are entirely out of the wood. Such factors as the cyclone in Godavari and Kistna districts, the recent tornado and storm in Assam, have also interfered with our requirements to some extent. Nevertheless, we are fairly ahead of our plan and the movement of our quota has been very satisfactory. We can definitely say that we are not in a critical stage so far as the food position is concerned.

I can also mention to this House that we are receiving large consignments of milk for the hospitals for children and we shall be able to distribute them as and when they arrive.

I do not propose to do more than very briefly refer to the industrial progress of the State. Unless the matter were put in proper perspective, the honourable members may not realise what exactly has been done and is going to be done so far as the electric supply system is concerned. The investment on the electric supply system is Rs. 5·56 crores and it is entirely owned and operated by Government. It is expected that during 1122 a supply of 3000 k. w. from Papanasam and another 7500 k. w. from the new machine that is being installed at Pallivasal will become available and the aggregate generation next year will reach 100 million units. The anticipated gross revenue next year is about Rs. 30 lakhs. Government have recently sanctioned the construction of the main 66 k. w. lines being extended from Kundara to Trivandrum and from Trivandrum to Thuckalai, and the work is in progress and hydro electric supply will be available in some of the towns and villages in South Travancore from next year.

The investment on the Telephone system which is also owned and operated by Government is about Rs. 18 lakhs. The gross revenue for the current year is expected to be Rs. 4·75 lakhs and the net revenue will be about Rs. 1·54 lakhs representing a little over 8% of the investment.

The investment on the State Transport is about Rs. 18·8 lakhs. The gross receipts for the year will be about Rs. 55·57 lakhs.. And after providing for Working Expenses, Depreciation etc., the net revenue is expected to be about Rs. 18·47 lakhs. We are getting 100% profit from the expenditure on the State Transport. The depreciation fund now stands at Rs. 6 lakhs and the Reserve Fund at Rs. 9·[illegible] lakhs.

The Ceramic Factory has an investment of Rs. 12½ lakhs. The Travancore Rubber Works has an investment of about Rs. 4·7 lakhs and the Vanchi Clay Mine an investment of 1·63 lakhs. The result of the working of the Kundara Ceramic Factory for the current year is expected to show a net profit of Rs. 2·38 lakhs, after making ample provision for depreciation and reserve. The Rubber Factory is expected to bring in a net return of Rs. 3 lakhs during the current year. The working of that concern brings about 75 per cent. profit. The working of the Vanchi Clay Mines has not been satisfactory and Government are contemplating taking steps to effect a thorough reorganisation in the working of this concern to ensure better results.

As regards the Aluminium Factory at Alwaye it was originally a concern from outside. It was definitely encouraged for the reasons which I have already indicated in previous budget sessions. We have now become share-holders in that concern and the Travancore Government have taken shares worth Rs. 15 lakhs. I may say that Rs. 100 worth of shares is quoted at Rs. 392 in the present day market. Each share therefore brings about a revenue of nearly 300 per cent. so to say. It is expected that this Aluminium Factory which will also exploit the bauxite resources of India will be one of the prime factors in the industrialisation of India, and will be the biggest factory in India for the production of this substance. The Fertilisers and Chemicals, with a subscribed capital of Rs. 2¼ crores, half of which represents Government shares, is expected to produce 50,000 tons of ammonium sulphate per year. The Government of Cochin and the Government of Madras have joined this enterprise by taking a large number of shares in the company. As an ancillary industry, a 75 ton Sulphuric Acid plant will also come into existence.

The Travancore Rayons Ltd., which was started with a capital of Rs. 1½ crores, in which this Government have taken shares worth Rs. 30 lakhs, will be one of the foremost enterprises of India. The Government of India are taking a great deal of interest in the working of the concern.

[President.]

The Travancore Electro-Chemical Co., Ltd. was incorporated about two years ago. That concern will start work immediately.

Another company called the Aluminium Industries Ltd., has also been started at Kundara. The working of the Ply-wood Industries has not been satisfactory and the Government are again taking steps to go into the matter and, if necessary, to take over the control. The Ogale Glass Manufacturing Co., Ltd. is progressing and it has already paid a dividend of 6¼ per cent. The activities of the Sugars and Chemicals are going to be extended greatly.

In addition, there are also some textile mills which are being started not for the purpose of depriving the handloom worker of his living, but to get over the serious shortage of yarn which has adversely affected the industry in the past. Government have encouraged three of these mills and they hope to operate these successfully.

With the assistance of some of the fishing magnates, the West Coast Fisheries has been started in order to carry out the programme which has been prepared conjointly with the Government of India for the exploitation of deep sea fishing. The Governments of India, Cochin and Travancore are partners of this fisheries scheme and it is expected to be one of the most remunerative concerns and one which will also serve to check the deficit in our food supplies.

The Punalur Paper Mills are there, and they will be extended. There is a scheme for the manufacture of Enamelware. There will be another company for the utilisation and exploitation of timber from the Malayattur forests. The Cement Factory will be started within the next two or three weeks. There is an Automatic Sheet Mill plant also coming into existence. There is, further, a scheme for the canning of fish and pineapple. Altogether, therefore, it may be said that industries worth a capital of seven or eight crores of rupees are coming or have come into existence, and will be a *fait accompli* between now and the next budget. I may say that this is only a beginning. This process must be expedited. I am very glad to say that the reluctance of Travancoreans to subscribe for shares in these concerns is completely disappearing. I am glad to say that in all the recent flotations, Travancoreans have applied for shares in great numbers and in most of them, steps have been taken to ensure that of those who applied for shares,

Travancoreans will be preferred. At the same time, it should be stated that where we want capital for Rs. 3,00,000 applications for two and three times the amount are made and naturally, therefore, several persons get only a fraction of the total they have applied for. In one case, it was noticed that the demand was three or four times greater than the allotment. Therefore, we may well congratulate ourselves, for the steps taken have so far been propitious and fruitful.

In regard to agriculture, as will appear from a Press Communique which has seen the light of day, we have done a great deal for irrigation. A Committee that was appointed for the purpose, recommended that all other works should be set aside. Those recommendations were adopted by Government and agricultural and irrigation works have been conducted on a large scale. Certain figures in regard to this have been given in answer to certain questions. Arrangements have been made to supply manures at two-thirds of the actual cost price. Cwts. of groundnuts and 14,000 tons of Ammonium Sulphate have been stocked in various depots. Steps, as I have already stated, are being taken to supply this manure at two-thirds of the actual cost price. In regard to implements and tools, the same policy has been followed. In addition to these, a special bonus is also being given to the cultivators at Rs. 20 and Rs. 10 per acre. It is, therefore, clear that as much as possible is being done in aid or furtherance of the Grow More Food Campaign.

I do not propose to say anything more on the land revenue policy of this Government excepting this, that if a resurvey and resettlement had been made, there is no manner of doubt that, practically from Quilon up to the frontier of the State, the assessment would have been many times the present assessment. Government were advised that if there was a resettlement and a resurvey made, the resurvey naturally preceding the resettlement, there would be certain loss in the southern parts, but that there would be an overwhelming gain in the northern districts; that we would get double or treble the present land revenue. But His Highness the Maharaja, solicitous, as I have said, as he always is in favour of the under-dog and the small man, commanded that steps should be taken for the purpose of relieving the burden of the small holder and laying that burden where it could be borne, on the richer man. These things should be borne in mind when passing judgment on the land revenue policy and assessment scheme of Government. Under the new scheme, there is no difference between one kind of

[President.]

land and another. There are at present 13 or 14 tharams of land, with all the harassing details of complicated tenures. A basic tax of 4 cash per cent has been regarded as moderate, in fact, in some cases, over-moderate but it was decided that the small land holder who is the mainstay of Travancore's agricultural enterprise should pay a definite, ascertained sum, and a small sum only, in token of his allegiance to the Sovereign and as a token of his holding the land under the Sovereign.

Up to a certain fairly high minimum, agricultural income is exempt from income tax. Therefore the middle class man and the lower class land holder is practically exempt from any high taxation. For people above that minimum, the agricultural income tax is assessed on the same basis as non-agricultural income tax. World opinion is perfectly unanimous on this point. The Madras Government, during the Congress period, started by inaugurating an agricultural income tax scheme. They could not carry it through. Then the Adviser Government came and agitation started; and then the Adviser Government stopped it because no Adviser Government can go on with such schemes, as they are only a caretaker Government. The present Madras Government, the present Bihar Government, the United Provinces Government and the Punjab Government are reviving the income tax scheme. The present Madras and United Provinces Governments have proclaimed the abolition of the Zamindari system, that all intermediaries should be abolished and the Zamindaries should be bought out of existence. The general trend is that income from land should be treated on the same footing as other sources of income. But in this, Government are handicapped due to the failure of crops, the vagaries of the seasons and the possibilities of drought. Therefore Government have made it clear that only the net result of the agricultural operations would be taken into account. There is no question of different tenures, or different kinds of land. There is no question of pottering round Pakuthy Cutcherries and the Tahsildars' offices. Whatever is proved to be the net income, is alone assessible. This method is regarded as an equitable mode of dealing with land. That is so far as the land revenue system is concerned. The general outline has been given by the Financial Secretary in his speech.

I had intended to say something about education, but in so far as there is a committee to deal with the matter, I do not propose to say much, having regard also to the announcement that I made at the beginning of my remarks. The agitation has been mainly

a Catholic agitation. The Catholics have, no doubt, got some other people also with them, who attend their meetings when they are called upon to do so, just like the leaders in Scott's "Rob Roy" who join in a fight just for the fun of witnessing it. But the agitation is essentially a Catholic agitation. But as has been already pointed out by the Financial Secretary, a scheme has been introduced and with certain missionary agencies and private agencies the scheme has begun to work. We have permitted the L. M. S. and the Salvation Army to continue to use their school buildings for religious and congregational purposes and for conducting religious classes for the benefit of the children belonging to their communities on holidays. All that I am anxious to point out is that there have been no compromises in these matters. It is clear that Government are committed to compulsory primary education. That obligation they will discharge; agitation or no agitation. Concessions will definitely be given; I for one, will be the last to withhold concessions. The Catholics hold a very strong opinion, an opinion that they are certainly entitled to hold, that they are entitled to conduct their schools for the purpose of imparting religious education to their children. But that can only be ancillary, that instruction can only be imparted to Catholics, in Catholic institutions. They cannot say 'we must run private schools for other communities,' because that duty has been taken by the Government. In so far as the Catholics wish to impart Catholic instruction to Catholic students, and in so far as they wish to be helped in this matter, and in so far as they want some concessions, it is a matter for conciliation, discussion and agreement. But the fundamental obligation and right of Government is unassailable and will be held firm. It is not only the desire but the duty of Government to give primary education to all children of the State. The fact that there is some one institution catering for a particular section of the population does not take away the obligation and the duty of the Government to deal with people of other communities in that particular locality. That is a fundamental fact. Compulsory primary education means that the Government are bound to bring into existence a considerable number of schools in places where the population is apt for such instruction. If there is a particular class who wish for a special type of instruction, and for facilities being afforded for that instruction, Government are under a moral obligation to respect those scruples, those feelings, those ideals; but the limits, the jurisdiction, the ambit, the purview of it must be preserved and maintained.

[President.]

The Education Reorganisation Committee's recommendations have been generally accepted and steps are being taken to bring a Pre-University Class into existence. I am glad to announce here what I stated yesterday, that there is a great deal of enthusiasm demonstrated in the country for the purpose of starting new colleges. Government have made it clear that those new colleges should not overlap each other, and that they should give instruction in specific, individual and ancillary or supplementary subjects. And I am glad to say that that approach has been responded to. Already in Alleppey a college has been started with a special commercial bias. I have been told that in Trivandrum an ecclesiastical dignitary has got the idea of starting a commercial college with American assistance on a very big scale. His scheme will be welcomed and there would be no objection to give it adequate facilities and encouragement. The Church Mission Society in Kottayam have informed the Government that they wish to concentrate upon the teaching faculty. They would develop the college in order to make it a centre of pedagogues. There also the Government have expressed their concurrence with the scheme. The Nair Service Society are starting a college in Trivandrum mainly concerned with certain aspects of Arts and Science, The Sree Narayana Dharma Paripalana Yogam is collecting funds for the purpose of starting a college with a technical bias near Quilon. I am told that in Nagercoil an amount of 5 lakhs of Rupees is available for the very same purpose. It will be made clear that in all these institutions the object of the Government and the University is not to allow overlapping, not to allow reduplication, but to allow new subjects of study within the competence of those organisations which will all be told to go ahead with their schemes provided they do not tread on each other's toes.

A great deal of agitation is now taking place with regard to the question of some rules promulgated by this Government regarding places of worship and cemeteries, and I find that a particular priest who unauthorizedly and against the rules had ordered a burial within his own compound is making himself a martyr. Public meetings are held in his honour. He has stated that he will not pay a fine, and he insisted on going to gaol. Now, if a man breaks the Law, whether he be a priest or not, he is a law-breaker. There is no question, however reverend he may be, of considering him otherwise than as a law-breaker, and he is liable to prosecution just as any ordinary man. There is no getting away from that. But the law that has been promulgated is a very simple matter. There are two thousand churches in Travancore, and there are nearly as many temples in Travancore. It will be remembered that each church has got some land round it; that

each temple has got its own land. It means that all those lands are inalienable. In a country where we are getting terrible congestion these devices sometimes are the cause of hardship. I do not want to blame any community. My community is blameworthy as much as any other. Very often a man builds a temple and endows a few acres of land on it and wishes his children and grand-children to be *Dharmakarthas.* This kind of procedure formed the subject of litigation in South India for long. All that we have stated is this No permission for the creation or utilisation of a place of public worship will be granted if it be situated within one mile of a temple, mosque or church now in existence; and further, that no permission for the erection or utilisation of a place of public worship will be granted unless the Government are satisfied that it is for the benefit of a major portion of the people of the locality who belong to the denomination for whose use the place of public worship is desired, and that at least one hundred families would benefit thereby. The position is simply this. In this State of 7,000 square miles, there are two thousand temples and a very large number of churches, and if more are necessary, some kind of control and restriction is indispensable, and Government cannot allow the indiscriminate building of temples, churches and mosques. Again, all that the Government have said about cemeteries is this. That every application for new cemeteries or crematoria should be accompanied by a plan showing the position of such cemetery or crematorium with respect to surrounding dwelling houses, public buildings, places of public worship and other places of public resort. Further, all such applications are to be sent to the Director of Public Health for an expression of his opinion. The rules further lay down that no cemetery or crematorium shall be constructed nearer to any dwelling house than 300 feet, or within two miles of any temple, conserved water supply system, school or other public institution.

Whatever advantage or disadvantage there is in the burial of a human body, there is no doubt that public health requires that burials should not take place near human dwellings, water supply systems and places of public resort. It is mischievous, therefore, to say that these rules mean tyrannizing over a defenceless and undefended populace, as a fiercely worded memorial to His Highness the Maharaja seems to suggest. I crave with all humility the indulgence of honourable members to bear in mind that this construction is false.

Having regard to the lateness of the time, I do not propose to speak on the administration of other departments. But there is one matter on which I shall say a few words before closing.

[President.]

That is in regard to mineral sands. It has been now regarded by the Government that the mineral sands should be the property of the Travancore Government. These mineral sands include Monazite, Zircon, Thorium and various other commodities. Thorium has been coming into the lime-light after the bombing of Hiroshima with the atom bomb, and there is no doubt that thorium will play a greater part in the production of atomic energy in the future. Ilmenite was being exported for many years and the people dealing with it get about two hundred times as much profit as they paid to us by way of Royalties. One of the products of ilmenite is Titanium. Titanium pigments on account of their opacifying power are extensively used all over the world in paints, paper, rubber, leather, linoleum, plastics, ceramics, cosmetics and printing inks. These are the industries in which titanium oxide is an essential and a component part. There are many items in these mineral sands which are of fundamental value to us in the process of industries, and I am glad to inform this joint session that the British Cabinet were good enough to spare the services of two great experts who visited Travancore not many weeks ago. They have given us data which make it perfectly clear that the starting of a manufactory based on ilmenite would be a matter of the greatest possible profit, in fact a matter of 50 per cent profit. Now, that being so, Government do not propose to allow those sands to be exported without taking the utmost possible precautions and all the necessary steps for the tackling of these mineral sands. Government are now under negotiations with those people who are working under the concession now for the purpose of starting a factory in Travancore in the course of the next year. I may say that I have received offers from America for the purpose of starting a factory of a comprehensive character, and whatever is best for the State will be done.

Now, as regards thorium the position is a little different. Thorium, if it is to be used for the purpose for which uranium is used, is a matter of inestimable importance and it is now fairly well conceded, although there are many secrets connected with this business, that the utilisation of thorium along with uranium is a process which will facilitate atomic fission and the production of atomic energy. The utilisation of thorium like the utilisation of uranium is a matter which is not a laboratory business, but is one which involves the harmonising of the vast resources of many Governments. Millions and millions of pounds are necessary besides vast areas of lands for the uranium plant. We cannot think of

that. All that we can do is, we can utilise the ilmenite and the zircon in Travancore. We can separate thorium so that we can sell it to the British Government at a proper price knowing as we do now—knowing as we did not know—the real value of the things with which bounteous Nature has provided Travancore. Now, I am glad to be able to assure the joint session of the legislature that whereas it was only the sea-coast that was known to provide the rich deposits at one time, it is now found by well-known experts that the bottom of the backwaters contains the biggest and richest specimens of sands. Dredging has to be done in order to separate and utilise these sands. That project will deepen and widen the backwaters. That will serve to improve water communication in Travancore. Therefore, the question of the exploitation of mineral sands involves the question of the purchase of dredgers, which will incidentally involve the scheme for the widening and deepening of the canals of Travancore which are some of the arteries of commerce here.

With regard to the backward communities, a sum of 3 lakhs of rupees has been specially earmarked for their uplift. Yearly setting apart a sum of 3 lakhs of Rupees is another sign and symbol of His Highness' desire to bring up and ameliorate the condition of the backward communities of this country. The three lakhs is not the maximum. If the Department for the Uplift of the Backward Communities can spend 5 lakhs, can spend 10 lakhs per year and will concentrate in a proper organised manner, the Government will not grudge paying the 5 lakhs or 10 lakhs. I have been asked to provide a separate hostel for the backward communities and to give them separate concessions. I may say that those will not be given. They will live in the hostels where others live. I do not want separate hostels. I do not want separate concessions to be given to them.

The best service that can be done by the other communities to the backward communities is to cease to call them 'backward,' and to give them such monetary and spiritual assistance as is necessary for their uplift. Having done that, the best and the greatest service is to eliminate backwardness. For that purpose if 3 lakhs or 30 lakhs of rupees is required, Government will not hesitate to make a subvention and make provision for that purpose. I have done.

The budget that has been presented to you is a budget that looks forward, a budget which dreams, a budget which aspires, a budget which can be bettered in the coming years under the new

[President.]

constitution which I trust will be introduced sometime in the course of 1122. If in the new constitution the elected representatives of the people play their part worthily, adequately and with a sense of responsibility, realising that the prosperity of the country is the glory of their Sovereign who has got the interests of the people always in his heart, I have no doubt that the coming budgets will present an even more rosy picture. I am sure that if our industrial programme comes through, if our water-ways come through, if our new harbour at Vizhinjom which is now being projected comes through, the time will come, next year or the year after the next, when we shall budget not for an annual income of Rs. 8 crores but Rs. 10 or 12 crores and spend accordingly. That will be done without taxing the lower class people and the humble artisan or the small man in the village. The burden will be borne by those who can afford to do so. That is the way in which financiers programme and that is the way in which administration should work, and in that hope and confidence I commend the budget to your consideration.

The House rose at 4-33 P. M.

Trivandrum,
20th July 1946.

S. VAIDYANATHA AIYAR,
Secretary to the Sri Chitra State Council.